



滙多利國際控股有限公司
Warderly International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Interim Report 2002

The Board of Directors (the "Directors") of Warderly International Holdings Limited (the "Company") is pleased to announce the unaudited proforma consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31st October 2002, together with comparative figures as follows:

Proforma Condensed Consolidated Income Statement

For the six months ended 31st October 2002

	Notes	Six months ended 31st October	
		2002 HK\$'000 (unaudited)	2001 HK\$'000 (unaudited)
Turnover		89,830	73,225
Cost of sales		<u>(50,353)</u>	<u>(42,655)</u>
Gross profit		39,477	30,570
Other operating income		247	285
Administrative expenses		(11,500)	(6,521)
Distribution expenses		<u>(3,877)</u>	<u>(3,153)</u>
Profit from operations	4	24,347	21,181
Finance costs		<u>(625)</u>	<u>(903)</u>
Profit before taxation		23,722	20,278
Taxation	5	<u>(2,492)</u>	<u>(2,820)</u>
Net profit for the period		<u>21,230</u>	<u>17,458</u>
Proposed interim dividend	6	<u>3,750</u>	<u>–</u>
Earnings per share	7		
– Basic		<u>6.8 HK cents</u>	<u>5.6 HK cents</u>

Proforma Condensed Consolidated Balance Sheet

At 31st October 2002

	Notes	31st October 2002 HK\$'000 (unaudited)	30th April 2002 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	109,595	84,278
Current assets			
Inventories		33,862	37,857
Bills receivable		529	1,702
Trade and other receivables	9	50,454	49,304
Amount due from a related company		469	269
Pledged bank deposits		1,089	1,089
Bank balances and cash		2,809	8,227
		89,212	98,448
Current liabilities			
Trade and other payables	10	37,722	49,953
Taxation payable		16,858	14,865
Dividend payable		10,000	–
Amount due to a director		1,977	2,699
Bank and other borrowings – due within one year	11	12,612	11,426
Obligation under finance leases – due within one year		1,805	–
		80,974	78,943
Net current assets		8,238	19,505
Total assets less current liabilities		117,833	103,783
Non-current liabilities			
Deferred taxation		6,422	6,422
Bank and other borrowings – due after one year	11	–	273
Obligation under finance leases – due after one year		3,766	–
		10,188	6,695
		107,645	97,088
CAPITAL AND RESERVES			
Share capital	12	3,124	3,124
Reserves		104,521	93,964
		107,645	97,088

Proforma Condensed Consolidated Statement of Changes in Equity

For the six months ended 31st October 2002

	Share capital	Special reserve	Translation reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th April 2001	3,124	(2,114)	527	44,243	45,780
Exchange differences arising from translation of overseas operations	-	-	(75)	-	(75)
Net profit for the period	-	-	-	17,458	17,458
At 31st October 2001	3,124	(2,114)	452	61,701	63,163
Exchange differences arising from translation of overseas operations	-	-	183	-	183
Net profit for the period	-	-	-	33,742	33,742
At 30th April 2002	3,124	(2,114)	635	95,443	97,088
Exchange differences arising from translation of overseas operations	-	-	(673)	-	(673)
Dividend	-	-	-	(10,000)	(10,000)
Net profit for the period	-	-	-	21,230	21,230
At 31st October 2002	<u>3,124</u>	<u>(2,114)</u>	<u>(38)</u>	<u>106,673</u>	<u>107,645</u>

The special reserve of the Group represents reserve arising pursuant to the Group Reorganisation, it represents the difference between the aggregate amount of share capital of subsidiaries and the share capital of the Company.

Proforma Condensed Consolidated Cash Flow Statement

For the six months ended 31st October 2002

	Six months ended 31st October	
	2002 HK\$'000 (unaudited)	2001 HK\$'000 (unaudited)
Net cash from (used in) operating activities	23,399	(21,153)
Net cash used in investing activities	(35,300)	(6,433)
Net cash from financing activities	5,971	22,409
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(5,930)	(5,177)
Cash and cash equivalents at the beginning of the period	8,227	7,093
Effect of foreign exchange rates changes	(1)	(19)
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	<u>2,296</u>	<u>1,897</u>

Notes to the Proforma Condensed Financial Statements

For the six months ended 31st October 2002

1. BASIS OF PREPARATION

The proforma condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Statement of Standard Accounting Practice ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, except that as required by the Stock Exchange, in order for the interim financial information to be comparable with the financial information contained in the Company's prospectus dated 29th November 2002 the ("Prospectus"), the proforma condensed consolidated income statements, proforma condensed consolidated statements of changes in equity and cash flow statements include the results and cash flows of the companies now comprising the Group and have been prepared as if the current group structure had been in existence throughout the six months ended 31st October 2001 and 2002, or since their respective dates of incorporation, where this is a shorter period. The proforma condensed consolidated balance sheets of the Group as at 30th April 2002 and at 31st October 2002 have been prepared to present the assets and liabilities of the companies now comprising the Group as at the respective dates, as if the current group structure had been in existence as at those dates. Since the group reorganisation occurred after the interim reporting date, this basis of presentation does not comply with SSAP 27 "Accounting for Group Reconstructions" issued by the Hong Kong Society of Accountants.

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2000 Revision) Chapter 22 of the Caymans Islands on 18th March 2002. The Company is an investment holding company and its subsidiaries are principally engaged in the manufacture and sale of electrical appliances. The company's shares have been listed on the Stock Exchange since 18th December 2002.

In preparation for the listing of the Company's shares on the Stock Exchange, the companies now comprising the Group underwent a reorganisation to rationalise the group structure (the "Reorganisation"). As a result of the Reorganisation, the Company became the holding company of the Group on 26th November 2002. The details of this Reorganisation are set out in the Prospectus.

2. PRINCIPAL ACCOUNTING POLICIES

The proforma condensed financial statements have been prepared under the historical cost and are consistent with those followed in the preparation of the accountants' report of the Group for the year ended 30th April 2002, as set out in the Prospectus, except as described below.

In the current period, the Group has adopted, for the first time, the revised SSAP 15 "Cash Flow Statements" issued by the Hong Kong Society of Accountants ("SSAP 15 (Revised)"). The revised Standard has introduced revised disclosure requirements which have been adopted in these condensed financial statements.

Cash Flow Statements

In accordance with SSAP 15 (Revised) cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under separate headings, are classified as operating, investing or financing cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. The adoption of this revised SSAP has no significant impact to the amounts reported for the current period.

3. SEGMENT INFORMATION

Turnover and contribution to operation results and assets and liabilities by business segment has not been prepared as all the Group's turnover, assets and liabilities was derived from the manufacturing and trading of electrical appliances. An analysis of the Group's turnover and net profits for the period and segment assets and liabilities by geographical markets are as follows:

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (Other than the PRC) HK\$'000	Peoples' Republic of China ("PRC") HK\$'000	Australia and New Zealand HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Six months ended									
31st October 2002									
TURNOVER									
External sales	30,700	7,155	1,776	18,764	31,138	168	129	-	89,830
Inter-segment sales	-	-	-	78,262	-	-	-	(78,262)	-
Total	30,700	7,155	1,776	97,026	31,138	168	129	(78,262)	89,830

Inter-segment sales are charged at prevailing market rates

RESULT									
Segment profits	13,797	3,265	781	8,162	13,343	73	56	-	39,477
Unallocated corporate expenses									(15,130)
Profit from operations									24,347
Finance costs									(625)
Profit before taxation									23,722

	Europe HK\$'000	North America HK\$'000	South America HK\$'000	Asia (Other than the PRC) HK\$'000	Peoples' Republic of China ("PRC") HK\$'000	Australia and New Zealand HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Six months ended									
31st October 2001									
TURNOVER									
External sales	28,673	8,234	1,071	21,743	10,468	2,142	894	-	73,225
Inter-segment sales	-	-	-	89,674	-	-	-	(89,674)	-
Total	28,673	8,234	1,071	111,417	10,468	2,142	894	(89,674)	73,225

Inter-segment sales are charged at prevailing market rates

RESULT									
Segment profits	12,129	3,575	438	8,777	4,417	872	362	-	30,570
Unallocated corporate expenses									(9,389)
Profit from operations									21,181
Finance costs									(903)
Profit before taxation									20,278

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after charging (crediting):

	Six months ended 31st October	
	2002	2001
	HK\$'000	HK\$'000
Interest income	(3)	(23)
Depreciation and amortisation of property, plant and equipment	9,542	7,045
Staff costs	9,184	7,495
	<u>9,184</u>	<u>7,495</u>

5. TAXATION

	Six months ended 31st October	
	2002	2001
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	1,473	1,870
PRC income tax	1,019	950
	<u>2,492</u>	<u>2,820</u>

Hong Kong profits tax and PRC income tax were calculated at 16% and 27%, respectively, on the respective estimated assessable profits for the six months ended 31st October 2001 and 2002.

6. INTERIM DIVIDEND

The Directors have determined that an interim dividend of HK1 cent per share for the six months ended 31st October 2002 (2001: nil). The interim dividend will be payable on or about 3rd March 2003 to shareholders whose names appear on the register of members of the Company on 21st February 2003.

On 18th October 2002, a final dividend of HK\$10,000,000 has been approved by the directors of Housely Industries Limited, a wholly-owned subsidiary of the Company for the year ended 30th April 2002.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 31st October 2001 and 2002 is based on the profit for the period and on the 312,375,000 shares in issue and issuable comprising 1,000,000 shares in issue as at the date of the Prospectus and 311,375,000 shares issued pursuant to the capitalisation issue ("Capitalisation Issue") as set out in the Prospectus.

8. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred expenditure of approximately HK\$25,539,000 on the production moulds.

In addition, the Group spent approximately of HK\$6,452,000, HK\$1,982,000 and HK\$135,000 on acquisition of plant and machinery, leasehold land and buildings and other assets, respectively, for the purpose of expanding the Group's activities.

9. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with credit period normally ranging from 30 days to 120 days.

The aged analysis of trade receivable is as follows:

	31st October 2002 HK\$'000	30th April 2002 HK\$'000
0 – 90 days	21,705	28,917
91 – 180 days	16,529	4,093
181 – 365 days	1,699	4,649
	39,933	37,659
Other receivables	12,039	13,163
	51,972	50,822
Less: allowance against bad and doubtful debts	(1,518)	(1,518)
	50,454	49,304

10. TRADE AND OTHER PAYABLES

The aged analysis of trade payables is as follows:

	31st October 2002 HK\$'000	30th April 2002 HK\$'000
0 to 90 days	20,796	31,784
91 – 180 days	10,460	8,556
Over 180 days	1,681	–
	32,937	40,340
Other payables	4,785	9,613
	37,722	49,953

11. BANK AND OTHER BORROWINGS

During the period, the Group raised new bank loans related to trade finance in the amount of approximately HK\$34,654,000, which were used to finance the Company's trading activities. The loans bear interest at market rates and are repayable within one year.

In addition, the Group repaid bank loans related to trade finance amounting to approximately HK\$28,170,000 during the period.

12. SHARE CAPITAL

For the purpose of the preparation of the combined balance sheets, the balances of the share capital at 30th April 2002 and 31st October 2002 respectively represent 312,375,000 shares of the Company comprising 1,000,000 shares in issue at the date of the Prospectus and 311,375,000 shares issued pursuant to the Capitalisation Issue.

**31st October 2002
and 30th April 2002
HK\$'000**

Shares of HK\$0.01 each

3,124

Subsequently on 12th December 2002, a total of 62,625,000 shares of HK\$0.01 each were issued at a price of HK\$0.80 each under the Placing and the Public Offer as defined in the Prospectus, thus making a total of 375,000,000 issued shares as at the date of this report.

13. CAPITAL COMMITMENTS

As at 31st October 2002, the Group had capital expenditure amounting to approximately HK\$852,000 (30th April 2002: HK\$678,000) in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements.

14. CONTINGENT LIABILITIES

As at 31st October 2002, the Group had discounted bills with recourse amounting to HK\$6,463,000 (30th April 2002: HK\$13,071,000).

Business Review

The Company had successfully gone for listing and commenced trading of its shares on the Stock Exchange on 18th December 2002. For the period under review, the Group recorded a turnover of approximately HK\$89.8 million, compared to the previous year's approximately HK\$73.2 million. Profit attributable to shareholders rose by about 21.6% to HK\$21.2 million compared with the previous period's HK\$17.5 million.

The satisfactory growth in profit was mainly attributable to the Group focusing its marketing effort on both high profit margin products and quickly expanding markets. First, new products, oil-filled radiator and coffee maker, with high profit margins were introduced in the last six months. Encouraging responses were received. Second, with the anticipation of the expansion of its customers in the PRC market, the Group succeeded in meeting the increasing demand of electrical home appliance products from this market.

Prospects

The Group is engaging in manufacturing and wholesaling a variety of electrical home appliances. Prompted by its success and achievements in the ODM business and products, the Group will strive to continue to develop its ODM business and strengthen its existing production capacities to expand its customer base. The encouraging performance during the period under review is driving the Group to persist in placing more emphasis on its research and development of new products and on searching for new markets. The Directors believes that continuous development in the quality and variety of its ODM business will steer the Group to a brisk future.

Audit Committee

The Company established an audit committee (the "Committee"), comprising the two existing independent non-executive directors, with written terms of reference in compliance with the Code of Best Practice, as set out in Appendix 14 to the Listing Rules. The Committee has reviewed the unaudited interim results for the six months ended 31st October 2002 including the accounting, internal control and financial reporting issues. At the request of the Directors, the Group's external auditors, Deloitte Touche Tohmatsu, has carried out a review of the unaudited interim financial statements for the six months ended 31st October 2002 in accordance with the Statement of Auditing Standards 700 "Engagement to Review Interim Financial Reports" issued by The Hong Kong Society of Accountants.

Liquidity and Financial Resources

As at 31st October 2002, the Group maintained a sound financial position where the cash and bank deposits and current ratio, as a ratio of current assets to current liabilities, were approximately HK\$3.9 million (30th April 2002: HK\$9.3 million) and 1.1 (30th April 2002: 1.2) respectively. Total bank borrowings amounted to approximately HK\$18.1 million (30th April 2002: HK\$11.7 million), comprising unsecured bank loans, trust receipts bank loans and finance lease obligations. The Group's gearing ratio, which was computed by dividing the total borrowings by total assets, was approximately 9.1% (30th April 2002: 6.4%). The Group's borrowings are primarily denominated in Hong Kong and the United States dollars and the Group has no significant exposure to foreign exchange fluctuation. As at 31st October 2002, the Group had available facilities of approximately HK\$65 million in total with various banks which were secured by, among others, pledge of bank deposits amounted HK\$1 million and pledges of the Group's leasehold land and buildings. The Group had no material contingent liabilities as at 31st October 2002.

Employees

As at 31st October 2002, the Group had approximately 1,400 full time employees. Around 20 staff were based in Hong Kong and the rest were in our plants in China. Competitive remuneration packages are structured to commensurate with individual job duties, qualification, performance and years of experience.

Directors' Interests and Chief Executives' Interests in Share Capital of the Company

Following the completion of the Share Offer and the Capitalisation Issue as stated in the prospectus dated 29th November 2002 of the company, the interests of the directors, chief executives and their associates in the share capital of the Company or its associated corporations (within the meaning as defined in the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong ("SDI Ordinance")) as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Companies in the Listing Rules were as follows:-

Name	Nature of interest	Number of shares held
Yeung Kui Wong ("Mr. Yeung")	Corporate	266,250,000 (note 1)
Hung Kwok Wa ("Mr. Hung")	Corporate	15,000,000 (note 2)

Note 1: Mr. Yeung is interested in these shares as he is the beneficial owner of Imperial Profit Enterprises Limited and Primer Capital Investments Limited which were incorporated in the British Virgin Islands and the 266, 250,000 shares (as to 210,000,000 shares and 56,250,000 shares respectively) of the Company are registered in the name of these two companies.

Note 2: Mr. Hung is interested in these shares as he is the beneficial owner of Top Network Profits Limited which was incorporated in the British Virgin Islands and the 15,000,000 shares of the Company is registered in the name of this company.

Save as disclosed above, none of the directors and chief executives of the Company or their associates had any personal, family, corporate or other interests in the share capital of the Company or any of its associated corporations, as defined in the SDI Ordinance.

Rights to Acquire Shares or Debentures

Pursuant to the written resolutions passed by the then shareholders on 26th November 2002, the Company had adopted a share options scheme (the "Scheme"). Under the Scheme, the directors of the Company may, at their discretion, invite full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive and independent non-executive directors, advisors, consultants of the Group to take up options to subscribe for shares in the Company representing up to a maximum 10% of the shares in issue as at the date of commencement of listing of shares of the Company on the Stock Exchange and subject to renewal with shareholders' approval.

Up to the date hereof, no share options were granted pursuant to the Scheme.

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the directors and chief executives of the Company or their associates to acquire benefits by means of the acquisition of shares in/or debt securities, including debentures of the Company or any other body corporate.

Substantial Shareholders

Following the completion of Share Offer and the Capitalisation Issue as stated in the prospectus dated 29th November 2002 of the Company, the following interests of 10% or more in the issued share capital of the Company (also disclosed under the directors/chief executives' interests in share capital where applicable) were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares	Percentage of shareholding
Imperial Profit Enterprises Limited	210,000,000	56%
Primer Capital Investments Limited	56,250,000	15%
Mr. Yeung	266,250,000 (<i>note 1</i>)	71%

Note 1: Mr. Yeung is interested in these shares as he is the beneficial owner of Imperial Profit Enterprises Limited and Primer Capital Investments Limited which were incorporated in the British Virgin Islands and the 266,250,000 shares (as to 210,000,000 shares and 56,250,000 shares respectively) of the Company are registered in the name of these two companies.

Other than as disclosed above, the Company had not been notified of any other interests representing 10% or more of the Company's issued share capital.

Closure of Register of Members

The register of members of the Company will be closed from 18th February 2003 to 21st February 2003, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the abovementioned interim dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Center, 56 Gloucester Road, Wanchai, Hong Kong no later than 4:30 p.m. on 17th February 2003.

Purchase, Redemption or Sale of Listed Securities of the Company

The Company's shares had been listed on the Stock Exchange since 18th December 2002. For the period up to the date of this report, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Code of Best Practice

None of the Directors is aware of any information that would reasonably indicate the Company is not, or was not for any part of the accounting period covered by this interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors have not been appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's articles of association.

By Order of the Board of Directors

Yeung Kui Wong

Chairman

Hong Kong, 27th January 2003

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**Deloitte
Touche
Tohmatsu**

Independent Review Report

TO THE BOARD OF DIRECTORS OF
WARDERLY INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the Company to review the proforma interim financial report set out on pages 1 to 9, which has been prepared in accordance with note 1 to the financial statements.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

Review work performed

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31st October 2002.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 27th January 2003